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Gen. Dozier and the International Terror Network

By CLARE STERLING

Rome

Some days after kidnapping Brig. Gen. James Lee Dozier—the first American they have held a finger on in all these years—Italy's Red Brigades issued a lengthy communique explaining why. Four lines were devoted to their captive, a "Yankee pig" of high NATO rank in "the American occupation army." The remaining 11 pages offered an unusually revealing glimpse of the Red Brigades' true nature and intentions.

We now have it from the horse's mouth that there really is such a thing as an international terror network; that the most elite of its bands in Western Europe are mobilizing to "disarticulate . . . the pulsing heart of imperialist counter-revolution: NATO"; that the U.S. is their supreme target, and Soviet Russia the privileged recipient of their favors.

The communique speaks of this network as an "organization of Communist combat," whose main battalions encircling "NATO's heartland in Western Europe" are mentioned by name: the Red Brigades in Italy, the Red Army Faction (Baader-Meinhof Gang) in West Germany, the Provisional IRA in Northern Ireland, the Basque ETA in Spain. The last two, once restricted by "the suffocating optic of nationalism," are at last moving on "to a larger sphere of war" against the West.

"The revolution will be internationalist or there will be no revolution!" the document declares.

Its authors make no effort to disguise their immediate strategic objectives. They state bluntly that the U.S. is trying to thrust cruise and Pershing missiles upon its subalterns in NATO, and build a neutron bomb, so as to bargain with the Soviet Union "from a position of strength." That effort must be blocked at all costs, everywhere in Western Europe and especially in West Germany, "whose geographical position makes it an ideal base for a land attack on Soviet Russia." There lies the giveaway phrase.

Directly after this comes a telltale reference to Italy, "key link in the NATO chain from Spain to Turkey," and thus next in importance as "an area of intensified conflict."

Between them, therefore, Italy and West Germany are singled out for special terrorist attention as "front-line states," and understandably so: They happen to be the only two NATO states on the Continent committed firmly to the installation of cruise and Pershing missiles.

"War on imperialist war! War on NATO! War on the strategic centers of the American military machine!" the communique concludes, lest anyone might still miss the point.

Just a word in the communique is devoted to Russia's 50-50 missile pact with the West, with their triple nuclear warheads. There is no reference to Soviet occupation armies either, whether in far-off Afghanistan or next-door Czechoslovakia, Hungary, East Germany and Poland—particularly Poland. Martial law was imposed in Poland and the brutal suppression of Polish workers began, just four days before Gen. Dozier was kidnapped in Verona. You would never know it from reading the Red Brigades' Communique Number One on People's Prisoner James Lee Dozier.

The ugly implications in such timing could scarcely escape notice here. Italy's popular cartoonist, Forattini, promptly drew a wily Leonid Brezhnev, looking at his audience over the caption: "Keep your nose out of Poland, and I'll give you back Dozier." But that is surely too simple a view of the case.

What the timing does suggest is an elaborate, carefully studied, long-planned campaign to divide, discredit, disorient and ultimately disarm NATO, designed to coincide with the opening of superpower disarmament talks in Geneva—cited explicitly in the Red Brigades' communique—and a wave of pacifist, anti-nuclear and markedly anti-American sentiment in Europe.

This is certainly not to suggest that everybody who is against nuclear weapons

is against nuclear weapons in Europe. Its efforts to turn their eyes in one direction only are not so mysterious any more. The Red Brigades have told us more in that regard than we might reasonably have expected.

Their kidnapping of Gen. Dozier, deputy commander of NATO's land forces in southern Europe, was an early salvo in the network's new tactics for warfare, but not the first. Three months before he was kidnapped by terrorists in Italy, their counterparts in Germany had fired a Soviet-made RPG-7 rocket at the armored car of General Kreuzer, who commands all U.S. forces in Europe. Their missile missed him by inches. It was launched only a few weeks after 11 closely spaced bomb attacks on American military installations in Germany: The Baader-Meinhof Gang's first display of serious violence since 1977.

Everything points, then, to the likelihood of renewed, protracted and bitter terrorist warfare in Europe, where a sanguine American public had assumed that the Red Brigades and Baader-Meinhof Gang (if not, perhaps, the IRA Provos and Basques in ETA) were as good as dead. Why would they die, when they can evidently count on bountiful, ongoing sustenance?

This does not augur well for Gen. Dozier. Anybody familiar with the Red Brigades' tactics would have seen through the cruel hoax of his announced execution just before Christmas. The Red Brigades would scarcely kill him off before milking the last drop of propaganda value out of his captivity, and that part of their program has just begun. Punctually, within days of his abduction, the slogan "Yenki Buola" was added to Rome's rich collection of graffiti. That means "Yankee hangman," though the odd way Yankee is spelled suggests a non-Italian author. We have been there before, in the worst days of the "Yankee-Go-Home" Cold War. For reasons more sinister than mere historical accident, we may be getting there again.

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The Wall Street Journal
29 December 1981

The New York Times

—NEW YORK, WEDNESDAY, JUNE 11, 1980—

WASHINGTON — History will mark the events in Iran, Afghanistan and Nicaragua in 1979 as a turning point in the invisible war between radical and moderate forces for control of the oil and destiny of the Middle East and control of Central America and Mexico.

In the Middle East, the outcome of the process now gaining momentum might include the replacement of the royal families in the oil states of the Arabian Peninsula by radical anti-Western regimes. Among the effects of such a change could be the use of Israel and oil supplies as the fulcrum to divide America from Europe and Japan, which depend on that region for more than 70 percent of their oil consumption. While encouraging radical destabilization in the Persian Gulf area, the Soviet Union could use a diplomacy of conciliation with Europe and Japan intended to end any meaningful alliance with America.

The Sandinista victory in Nicaragua last July encouraged leftist terrorists' assaults against the Governments of El Salvador and Guatemala; these continue to gain force and might succeed soon. That in turn would open Mexico to the politics of polarization through leftist terror and to possible destabilization by a coalition of reformist, radical and Communist groups opposed to the current regime. Mexico might then become an Iran-next-door.

United States policy toward the Middle East and the Central America-Mexico region must begin with a realistic understanding that the invisible political war that is raging could be lost. In Central America, this requires additional support for peaceful reform and immediate action against extremist and Cuban-supported terrorism. In the Middle East, adequate Western military power is necessary. However this alone will not preserve our interests against three converging radical forces

Radicalism Abroad

By Constantine C. Menges

First, Palestinian terrorists, including the Palestine Liberation Organization, believe that after the ruling elites on the Arabian Peninsula are replaced by radicals, the Palestinians will be able to force the entire West to abandon Israel. Second, the radical Governments of Libya, Syria, Algeria, Iran and, to some degree, Iraq, share this view, but they would remain hostile to the democracies even without the pretext of Israel because their leaders believe much of the Marxist mythology about Western "evils." Third, the Soviet Union and its client governments, among them Southern Yemen's, aim to do anything possible, short of risking major war, that will bring the oil closer to their control.

Targets for these three destabilizing forces include President Anwar el-Sadat and the oil regimes on the Arabian Peninsula along with Yemen and Oman. The failure to meet the May 26 deadline for completing negotiations for Palestinian autonomy could be the cue for Palestinian terrorists to work with Libya and with Egyptian radicals to try to replace Mr. Sadat.

Last November, the attack on the Great Mosque in Mecca was aimed at overthrowing the monarchy in Saudi Arabia. Kuwait, Bahrain, Abu Dhabi, Qatar and the United Arab Emirates are even more vulnerable, since their Palestinian and Shiite Moslem minorities add up to about half the population in each state. The practical approach to

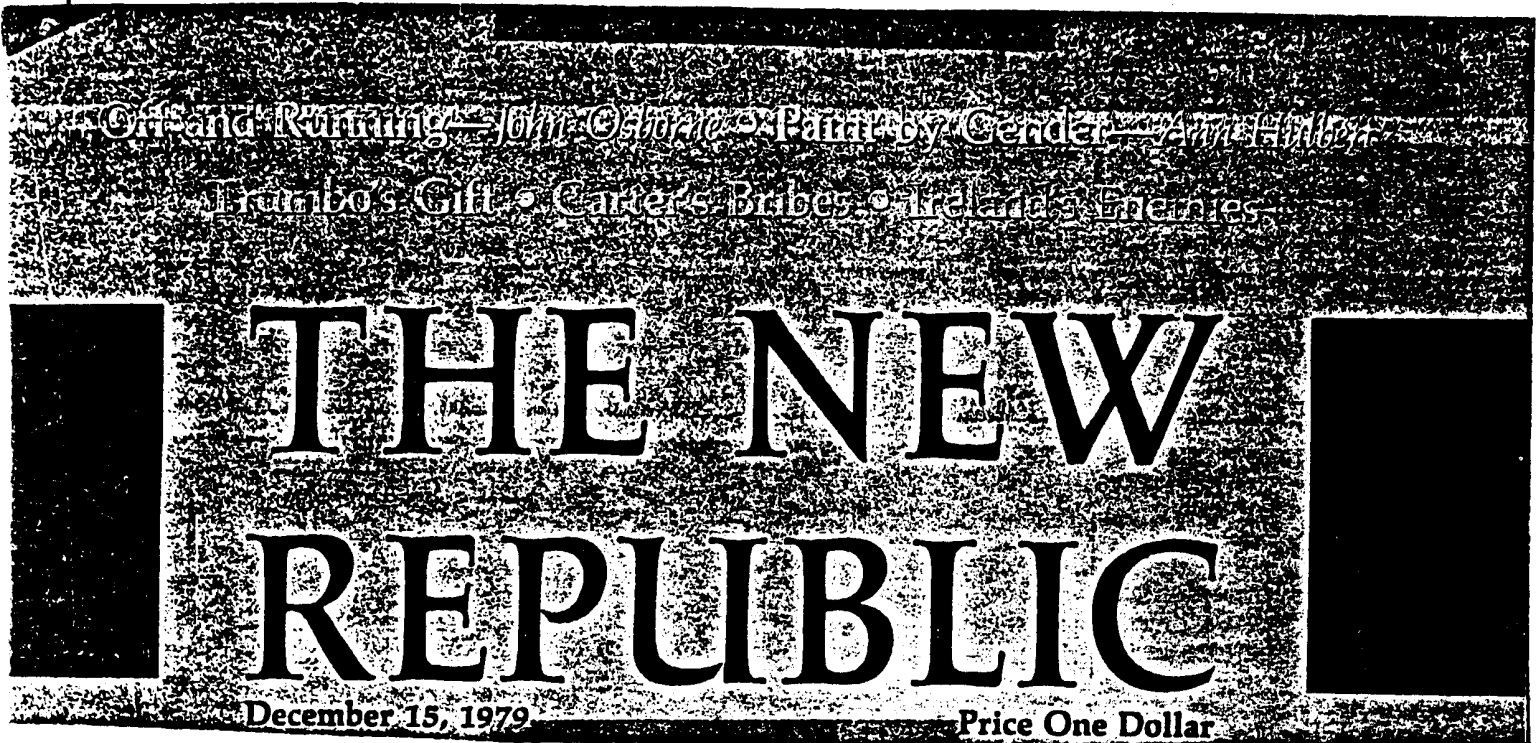
destabilization in the small oil states might combine pressures and threats from neighboring Iran or Iraq with internal upheavals encouraged by radicals.

Simultaneously, Soviet proxies might be active. After the summer Olympics have ended, Cubans and East Germans might help Communist Southern Yemen or Libya make use of the hundreds of modern tanks, armored personnel carriers, mobile artillery and mobile air-defense missiles already stockpiled in those countries.

What should be done? Rather than waiting passively for destabilization to strike one country after another, a coalition of democracies and Islamic nations must take the offensive against radical and terrorist networks. Decades of repression of Islam inside the Soviet Union, and the brutality in Afghanistan, should be used to show Moslem peoples the consequences of Soviet dominance. There should be a solution providing for Palestinian autonomy based on democratically chosen authority and for the security of Israel. This will be possible only if the radical forces are contained.

It is an illusion to believe that anything other than the disappearance of Israel would satisfy any of the three radical forces. The democracies must use conservation of energy, technology and unity to establish real economic counterpressures to the Organization of Petroleum Exporting Countries. And finally, there must be a concerted but private proposal to the Soviet Union: Stop your indirect war against the moderate governments of oil states or there will be a complete cessation of economic transactions with many of the democratic nations.

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The destiny of the Middle East is being decided in Tehran.

The Turning Point

by Constantine Christopher Menges

History will mark the seizure of the American embassy in Iran as a turning point in the invisible war between radical and moderate forces for control of the destiny and the oil of the Middle East. Either the United States, the other democratic nations, and the moderate Arab governments will cooperate against extremism and terror, or there will be a fundamental change in the global balance in the next few years.

The 400 men marching toward the gates of the

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American embassy on November 4 carried a large banner reading in English: "We do not intend to bother you." That deception worked nicely. The Marine guards were told not to shoot the apparently "unarmed students," and within hours the unlucky Americans inside were captives. Who organized this action? Were these simply university students trying to liven up a dull post-revolutionary weekend? Definitely not. We know they were well organized and led. Did Khomeini or his Revolutionary Council instigate this? Perhaps, but the delay before the Iranian government endorsed the takeover suggests Khomeini took credit after the fact for his own reasons. There is a strong possibility

that the embassy was captured by members of the radical left groups that are working hard to take the revolution into its next stage: the replacement of the mullahs by radical Marxists, Communists, and PLO-trained clergy with the Islam of Khomeini as the outer covering. Neutral visitors to the besieged embassy report that "student" leaders speak Arabic rather than Farsi to one another. When the PLO arrived to take possession of the former Israeli embassy last February, Yasser Arafat boasted about the years of political and military training the PLO had given to young Iranians who form the leadership of the Marxist guerrillas who helped to bring down the shah. The skill and discipline of the terrorists in the embassy suggests that their training has gone well beyond what any university teaches. On October 31 Radio Moscow said in Persian that "we are witnessing fresh, dangerous plots and intrigues against the Iranian Republic. . . . Great significance attaches to the slogan 'death to US imperialism.'" The clandestine Soviet transmitter, broadcasting from Baku as the National Voice of Iran, charged that the US embassy was the "center of corruption and anti-Iranian conspiracies."

The prompt PLO mediation offer also adds to the suspicion of radical left auspices. Quite possibly the intention was to repeat the successful maneuver against the Egyptian embassy in Turkey earlier this year. There a covert, PLO-trained group took the embassy employees hostage for several days while a PLO mediation team negotiated their release. A grateful Turkish government then permitted the PLO to open an office in Ankara. A replay of this routine may be what the Tehran terrorists had in mind until the Ayatollah Khomeini jumped in and used the episode as a way of rekindling the fervor of his revolution.

The shah was overthrown by the collapse of his military, brought about by a coalition of three forces: the traditionalist Islamic clergy; the modern, mostly democratic opposition; and the communist left, joined by various radical guerrilla groups. In recent months Khomeini has spoken out more and more frequently against communism and the Soviet Union, because he correctly believed Russia was supplying help and arms to the Kurds, Azerbaijanis, and fedayeen guerrillas who were challenging his power. The assassination of two of his closest associates by terrorists, the growing power of the Marxist armed groups, and mounting economic problems all reminded Khomeini that the Communists were a greater threat than the United States. For the moment, the surprise raid on the American embassy has changed all that. Again, the United States is "our number one enemy" according to the ayatollah. He says he has seen enough "documents" to convince him that the embassy was a "nest of spies," just as Radio Moscow had proclaimed. The more moderate figures, the last remnants of the secular opposition to the shah, have been removed from power; Khomeini and his Shi'ite fundamentalists now face

opposition only from the radical left groups and their separatist friends. The most likely result is that a pro-Soviet government will emerge from the dust of ethnic conflict, dissatisfaction, austerity, and above all the political warfare waged by the radical coalition.

Two strands of history converge to explain how this has happened. After the Bolsheviks in Russia helped overthrow the czar, then replaced the social democratic regime of Kerensky and won the civil war, their first task was the pacification of the Islamic groups of Central Asia. This was accomplished in two stages. First, the Azerbaijanis, Kurds, Turkomans, Uzbeks, Tajiks, and other Islamic peoples were promised full independence to prevent them from being lured away from the Soviet sphere. Then, as Soviet power was consolidated, there was a period of forced collectivization accompanied by mass famine and repression leading, by the early 1930s, to total domination of these Islamic populations. Separate republics were created to prevent the rise of any pan-Islamic or pan-Turkic movements within the USSR. Almost all Islamic leaders were murdered in the purges of the 1930s and the immediate postwar period.

Despite this campaign of internal war against Islam, Moscow's foreign policy made extensive use of nationalist and Islamic symbolism to counter the influence of the leading Western powers in the Middle East, especially Iran. During the 1920s the Soviets welcomed and helped new nationalist leaders such as Kemal Attaturk in Turkey and Reza Shah Pahlavi, father of the recent shah of Iran, as a way of counterbalancing London. But the growing power of the Soviet-supported Communist parties and the Communists' use of ethnic minorities as a fifth column made Iran and Turkey turn back toward the West in the 1930s.

Beginning in 1944, with victory against Hitler assured, Moscow began a new effort to gain influence in the Middle East. The new Soviet ambassador to Palestine was a Moslem who went every Friday to pray at the Mosque of Omar. Spies were recruited from Soviet Islamic groups and a Kurdish separatist movement aimed at Turkey and Iran was encouraged.

The first Soviet-backed revolutionary Iranian government was created in 1920, after Russian forces landed in Pahlavi, a port on the Caspian sea. The British forced a withdrawal, but left the treaty of 1921 which gave Russia the right of intervention if foreign troops threatened the integrity of Iran (a treaty which the Soviet ambassador repeatedly brought to the attention of the Iranian military in 1978 and which Khomeini finally abrogated on November 5).

In 1944 the Iranian Communist party organized massive street demonstrations in the northern cities such as Tabriz and Tehran to support the Soviet demands for oil concessions. By 1945 the Soviet Union had large military forces in Iran, and the government was unable to oppose Moscow. Then, in 1946, two contrived revolutions resulted in the creation of

secessionist communist governments based on the Azerbaijani and Turkomen ethnic groups. Moscow quickly recognized them as sovereign, and even was kind enough to send Red Army divisions to protect them from the shah. It required the threat of war by the United States and Great Britain to force the withdrawal of the Soviet troops and the return to more subtle forms of political warfare.

In the 1960s, Islam became a weapon in the Soviet struggle with China along the central Asian border. Many Islamic ethnic groups, such as the Uyghurs, Kazahs, and Turkomens, live there. Both rival communist states have encouraged Islamic separatism in the other's territory. To prevent this, the Chinese communist regime has required intermarriage with ethnic Chinese and called attention to the decades of Soviet repression of Islam. The Soviets have welcomed Islamic refugees from China's cultural revolution. This is one reason for the sudden softening of the harsh Soviet rule in its central Asian domain during the 1960s. The ethnic languages were given more scope, a few more mosques and Islamic theological schools were opened (although all participants had to be cleared by the KGB), and inventive theorists began to define an "Islamic Marxism" that could form a bridge to the third world and its oil.

Radical Islamic fundamentalism is the other strand of history that is once again visible in Iran. The opening of the Middle East to Western influence and power in the last century began a still unfinished process of cultural shock, adaptation, and often violent resistance. Khomeini can speak for and represent the dedicated minority in Islam which takes an orthodox and literalist view of the Koran, and therefore opposes the emancipation of women, banks that charge interest, television, movies, many material comforts, and the secular state. This minority believes these innovations "corrupt" the proper relationship with Allah. Of course, this tension between traditional and modern or religious and secular values is a universal phenomenon and will be understood by orthodox Jews, devout Christians, and everyone over the age of 50 who has felt the pace of social change or raised children. What is unique to the Middle East is that traditional Islamic radicalism is so strong that it could surface again in recent years, even after having been dominated for decades by secular governments in Turkey, Iran, Pakistan, and Egypt.

The new historical ingredient that has made this reemergence possible is the rise of the Palestinian terrorist organizations, which can use hatred for Israel as a way of building an anti-Western coalition spanning the spectrum from Islamic fundamentalism to Marxism. This has occurred in the last 12 years and coincides with the withdrawal of British power, the success of Soviet-supported military groups in creating radical regimes in Libya, Syria, Iraq, Algeria (though there is some change in the last two), the use of force to install

communist governments in South Yemen, Afghanistan, and Ethiopia, and worldwide economic strains caused by OPEC's oil price increase.

The next stage of the drama probably will involve the use of fundamentalist Islamic rhetoric in efforts to destabilize the remaining moderate, pro-Western oil states of the Arabian peninsula. This is a strategic objective shared by the three currents of radicalism. The PLO believe that getting rid of those pro-Western governments will permit the oil weapon to be used against any friend of Israel. The Islamic radicals proclaim that "Islam has no kings," and see the Arabian regimes as too modern and close to the West despite their genuine religious conservatism. The Soviet Union hopes to exploit the emerging Arab radicalism to separate Europe and Japan from the United States and thereby substantially lessen the capacity of the democracies to resist its power throughout the world.

The conservative Arabian oil states face the threat of covert action by all three radical forces. Instability also is inherent in the influx of hundreds of thousands of Palestinian and Yemini workers, some of whom are trained revolutionaries. Palestinians occupy influential places in the technocratic elites, including the army of Kuwait. The Palestinian and Shi'ite minorities comprise a large part of the population in the pro-Western oil states: Kuwait, 55 percent; Qatar, 42 percent; United Arab Emirates, 50 percent; Bahrein, 75 percent; Saudi Arabia, 15 percent. In Oman, adjacent to Saudi Arabia, the guerrilla war supplied by communist South Yemen, Cuba, and East Germany has gained new force in recent months. Nearly half the population is Shi'ite. Equally threatening is the recent surprise announcement of large-scale Soviet military aid to a second Saudi Arabia neighbor, North Yemen, a country which has suffered two major assassinations, one coup, and one old-fashioned conventional invasion from communist Yemen within the last two years.

These diverse but converging radical threats mean that the Arabian elites must choose some strategy for survival. This is the turning point defined by the seizure of the Americans in Iran. Until now the Saudis and others have tried to have both ways—stay friends with the Americans and still appease the Palestinian radicals. This has meant a tough anti-Israeli stand and financial payments to the PLO. But the seizure of the holy places in Mecca and Medina has shown that a radical movement can mount a well-planned attack in the heart of Saudi Arabia. That, along with clandestine radio accusations and Khomeini's public statements holding the United States and its "corrupt colony" Israel responsible, caused violence to erupt on the streets of Saudi Arabia, as well as Pakistan and Turkey. If the Arabian leadership continues to appease the PLO, or worse, decides to seek safety through increased support for radicalism, the path ahead is clear and the shah can tell the royal families just how the revolutionary upheaval feels as it comes from all sides at once.

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SPECIAL EDITION -- TERRORISM -- 29 DECEMBER 1981
 USA TODAY November 1981 Pages 40-41

TERRORISM

THE attempted assassination on May 14, 1981, of Pope John Paul II by an individual known to be a convicted terrorist again raises the issue of the role of political violence in our time. Pres. Reagan and Secretary of State Haig commendably have identified terrorism as one of the foremost priorities of the Administration, and they courageously have pointed a finger at the Soviet Union for at least partial responsibility for the terrorist specter that stalks civilized communities.

Whether Mehmed Ali Agca had the support of an international terrorist organization or of the Soviet Union or its surrogates is not yet clear. However, there are preliminary indications that he might not have acted alone and that he may have spent time recently in Soviet satellites known to support the most outrageous atrocities. That Agca at one time was a member of a "right-wing" terrorist group in Turkey—the Grey Wolves—is known, but Agca's self-proclaimed adherence to the Marxist-Leninist and Soviet-supported Popular Front for the Liberation of Palestine, his disappearance into West Germany and possibly Bulgaria in 1979 and 1980, and evidence of financial and operational support for his assault on the Pope all suggest a more complicated story than that of a lone psychopath. Moreover, I can see no reason why a right-wing and anti-communist terrorist would want to kill one of the world's most effective anti-communist leaders; I can understand, however, why the Soviets and

their surrogates would want the present Pope out of the way.

Western citizens may find it incomprehensible that one of the world's superpowers, the Soviet Union, is involved in something as lurid, bloodthirsty, and dangerous to social and international stability as terrorism. Yet, the evidence for deep and long-standing Soviet complicity is clear. At recent hearings before the Subcommittee on Security and Terrorism of the Senate Judiciary Committee, William Colby, former Director of the CIA and a lifelong intelligence officer, was emphatic in affirming Soviet support for terrorism. The Soviets, Colby testified, "have employed their proxies and surrogates of Cubans, East Germans, Czechs and others to extend this direct effort aimed not only at the 'imperialism' of America and its allies but at a variety of less despotic states than their own, from Mexico to Uruguay, to Colombia, to North Yemen, to Morocco, to Puerto Rico."

The evidence for Soviet support of terrorism does not come only from the authoritative statements of experienced professionals like Colby (as well as his former colleagues at the CIA such as James J. Angleton and Ray S. Cline). The evidence for it is apparent also in the publicly known record of terrorist activities and operations, through captured documents and weapons, known instances of training, defectors' statements, and communications among terrorists, and it

also is apparent in the ideology and strategic concepts of the Soviet state. It is by understanding these concepts and the role of terrorism in them that we can understand why the Soviets support terrorism and what they hope to gain from it.

The goal of Soviet communism is the destruction of the democratic and capitalist orders of the West and their replacement by their own ideological, totalitarian regime. "The International Party," says the national anthem of the Soviet Union, "shall be the human race." Other tyrants from Genghis Khan to Hitler have shared this goal of world conquest, but those despots generally sought to achieve their goal through simple, brute military aggression. It is the hallmark of communism that it will avoid military conflict if possible and seek power through indirect and subversive means. What the Soviets want is not war, but, as Winston Churchill observed, "the fruits of war and the indefinite expansion of their power and doctrines."

To achieve the goal of world domination, the Soviets historically have worked through surrogates and satellites—persons or groups that are under the control of the Kremlin, but who appear to be independent and non-communist. Thus, they are able to enlist the support of genuinely non-communist elements who have been duped into cooperation. In this way, the Soviets today make heavy use of Cubans and East Germans—both of whom are

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SOVIET SUPPORT OF TERRORISM...Continued

under Soviet domination—to advance their own power in southern Africa. Similarly, the Communist Parties of the free world and their front groups are able to attract non-communists by their espousal of the right slogans—peace, disarmament, social justice, etc. Finally, the Soviets are clandestinely funding and providing support for a number of terrorist and insurgency movements around the world. These movements are frequently composed of persons who are not Soviet communists (more often, they are Marxists of the Maoist, Trotskyist, or "New Left" orientations) and who sometimes are not Marxist at all and seek to correct what they perceive as racial oppression, economic exploitation, or imperial domination.

The way in which the Soviets justify their support of terrorism is through the use of Marxist codewords. Just as they call their own totalitarian regime "peoples' democracy," so they call terrorism "national liberation." After World War II, the Soviets gave massive support to terrorist movements for "national liberation" in Greece, the Philippines, and Indochina, among other states. Since at least the mid-1960's, the Soviets have been supporting terrorism under the name of national liberation in Latin America (through Cuba and, more recently, Nicaragua), in the Middle East (through the Palestine Liberation Organization and its components), and in Africa (through surrogates such as Libya, Algeria, Mozambique, and Angola). The "People's Democratic Republic of Yemen," located on the southern coast of the Arabian peninsula, has been a Soviet colony for some years and is virtually one large training camp for terrorists active in Africa, the Middle East, and Western Europe. In the latter, the Soviets have given assistance to the Red Brigades of Italy and the IRA through Czechoslovakia and the PLO, to the West German "Baader-Meinhof gang" through the PFLP and Libya, and to ETA in Spain through South Yemen.

There has been a considerable amount of confusion in the media about the Soviet role in terrorism since the discussion began in January, 1981. It has been said, for instance, that no one has shown that the Soviets control or mastermind terrorism. However, some distinctions must be made. It is true that the Soviets do not generally direct terrorist operations themselves—the murder or kidnapping of individuals, for example—and it is probably true that the members and most of the leaders of terrorist groups do not regard themselves as loyal or subservient to Moscow. Yet, it is also true that some terrorist organizations could not operate without the material assistance they receive from the Soviets, and it is therefore unlikely that such groups would

undertake activities that the Soviet Union finds objectionable. Sam Nujoma, the leader of SWAPO in Southwest Africa, admitted his organization's dependence on Soviet aid in 1977 when he told an audience in Moscow that, without Soviet help, "we would have been unable to achieve the results we have today." The PLO also is heavily dependent on the Soviets for weaponry and training, and Yassir Arafat is reported to confer with the Soviet ambassador to Lebanon, a KGB officer named Anatoly Soldatov, on a regular basis.

One of the terrorists of the PLO who has admitted receiving training in the Soviet Union itself is Muhammed Abu Kassem, also known as "Hader." In 1978, Hader took part in a sea-borne raid on the Israeli resort town of Eilat. It was the plan of the terrorists to storm the beach—filled with tourists at that time—with boatloads of explosives. Fortunately, they were intercepted and captured by the Israelis before they reached the shore. Hader admitted that, in the Soviet Union, "we went through six months of military training . . . the military training we received there was just excellent." The Soviets, of course, did not direct the raid on Eilat, which by no conceivable stretch of the imagination could be described as "guerrilla warfare" or "national liberation," but ultimately they bear considerable moral and practical responsibility for giving Hader and his comrades the skills with which to carry it out.

Why then do the Soviets support these outrages? The complete answer lies deep in the ideology and psychology of communism, but a more immediate answer can be inferred from the strategy of the Soviets in the global context.

In Soviet doctrine, the U.S. and the advanced economies of Western Europe are "imperialist" states that continue to dominate and exploit the underdeveloped world economically. Israel, we are told by their propagandists, is an outpost of Western imperialism, as is South Africa. The economies of Latin America are said to be exploited by the multinational corporations. Only by destroying the economic base of the U.S. in the Third World can America itself be prepared for revolution. Only if an economic crisis in the advanced economies is precipitated by a denial of necessary resources can the workers of those economies be mobilized into revolutionary consciousness.

Soviet strategy, therefore, proceeds from this conception of the dependence on Third World resources for the "imperialist" economies of Europe and America. By attacking through "national liberation movements" the economic

foundations of American global power, the Soviets hope to be in a position to deny the U.S. and its allies access to the raw materials and lines of communication necessary for American military and economic superiority.

A correlation between the areas of Soviet-supported terrorism and areas of immense strategic and economic value can be observed. In the Middle East, the answer is obvious: the target ultimately is the oil fields and the pro-Western states that shelter them. In southern Africa, the target is the vast resources of raw materials—uranium, cobalt, chromium, gold, etc.—as well as the Cape route to the West. In Central America, the targets are the bauxite and oil of the Caribbean basin, but also the access of the Gulf ports to the Atlantic and Pacific Oceans through the passage of the Panama Canal and the Caribbean. In Western Europe, it is noteworthy that almost every country that has been a target of Soviet-supported terrorism has been an active member of NATO—Great Britain, Italy, West Germany, and Turkey. Spain is not yet a member of NATO, but may become one, and at any rate now has U.S. bases on its soil. Greece and France have been spared the worst excesses of terrorism, and neither is an active member of NATO. It is interesting to recall also Ladislav Bittmann's statement that the first priority of the Soviet-controlled Czechoslovakian intelligence service (for which Bittmann worked until his defection) is the disruption of the Western alliance in Europe.

The ideology of terrorism, while different in many respects from that of orthodox Soviet Marxism, nevertheless relies heavily on Marx and Lenin, and especially on Lenin's doctrine of imperialism and national liberation. Almost all terrorism of the left expresses solidarity with the "liberation movements" of the Third World, and indeed the terrorists of Europe and the underdeveloped regions have had more than casual connections with each other.

Soviet support of terrorism is therefore not superficial. It grows out of the heart of Soviet ideology and strategy and connects with the global strategy of the U.S.S.R. in its conflict with the West. Moreover, it is almost inconceivable that the terrorists of the last decade could have inflicted as much physical and psychological damage and suffering as they have without the training, weaponry, logistical assistance, and propaganda support given them by the Soviets. Terrorism, therefore, should not be understood simply in terms of "random" or "mindless" violence, but as "directed" attacks, with particular targets and goals, and it is only when we comprehend the strategic nature and purposes of Soviet complicity in terrorism that we can begin to respond effectively to it.

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PRESSURES FOR A SHIFT TOWARD UNDECLARED NEUTRALISM IN GERMAN FOREIGN POLICY: A STRATEGIC POLITICAL FORECAST

For the United States, West Germany is a major business and trade partner, as well as a vital military and political ally. Although the Federal Republic of Germany has criticized what it considers the inability of the Carter Administration to develop coherent economic, foreign, or military policies, most conventional analyses do not anticipate any serious change in West Germany's political relationship to the West. Yet, there may be additional political and economic forces which might lead it to some degree of **de-facto neutralization, with serious consequences for U.S. interests not only in Europe, but also in Central America and the Persian Gulf.**

THE CONVENTIONAL VIEW OF THE U.S.-GERMAN RELATIONS—A FUTURE OF CONTINUITY

In any alliance of democratic, sovereign nations there are bound to be periods of stress, tension and uncertainty. Those who have followed German foreign policy closely since the emergence of the Federal Republic on the ruins of defeat in 1949 are most likely to see the current problems and trends as part of the inevitable swing in relations.

Each period of apparently growing distance or disagreement between Germany and the U.S., its principal ally, was overcome either as a result of compromise or renewed Soviet intimidation. In 1955 the **first German Ostpolitik** of Chancellor Konrad Adenauer (1949-63) caused some concerns which melted in the heat of the 1956 Soviet invasion of Hungary and the 1959-62 period of Soviet ultimatums and threats about Berlin. From 1966 to 1969 the Grand Coalition government was formed by the Christian Democratic Party (CDU/CSU) which had held power since 1949 and the Social Democratic Party (SPD). Its foreign minister was **Willy Brandt** who subsequently became Chancellor (1969-74) of the Social Democratic led government which has been in power since 1969. In the mid 1960's, a number of economic disputes including those connected with the issue of German payments for the U.S. forces stationed there as well as the U.S. interest in "building bridges" to Eastern Europe (President Johnson's speech in 1966) were causing irritations until the Soviet invasion of Czechoslovakia in 1968.

Nevertheless, that aggression only briefly interrupted the efforts of the U.S. to begin the SALT negotiations. It also seemed to have convinced the German Social Democrats that Soviet domination of Eastern Europe including East Germany would not soon yield to any form of liberal political evolution. **In 1969**, the new SPD-led government began the **second Ostpolitik**—an effort to trade explicit acceptance of the war imposed loss of German territory to Poland and recognition of the communist government in East Germany for Soviet guarantees of the security of West Berlin and increased emigration opportunities for Germans living in the communist sphere. This German initiative at first caused problems with the newly installed administration of President Nixon and raised rumors and accusations of *Rapallo* (the 1922 Soviet-German agreement used as the symbol of a sudden nationalist turn to the East). After a brief period of misunderstanding, there was a great deal of coordination with the U.S., France and the United Kingdom as Germany moved toward a "redefinition of security as encompassing both defense and detente".

This entire diplomatic process became complementary to the American pursuit of detente and strategic weapons control. The results were the 1971 Four Power Treaty on Berlin, the 1972 SALT agreements, the beginning of the mutual force reduction negotiations and the Helsinki treaties of 1975 which codified the status-quo in Europe.

This entire opening to the East in the opinion of one author permitted **Germany to reconcile four foreign policy purposes described as:** "a leading actor in the world economic system; the barrier state in defense of Western Europe; one of the leading powers of the European economic community; induced by its geostrategic position, ... exposed West Berlin, and its links with the East Germans, to act as a bridge and force of mediation with Eastern Europe". In fact, the strong German economy and the continuing commitment of the government to the European Economic Community have played a constructive role in Western Europe. Germany has often been willing to contribute a more than proportionate economic share to overcome problems with the EEC. The government of Chancellor Schmidt (1974-present) provided significant economic and political help to prevent a communist party takeover of Portugal in 1974-75 and it has recently agreed to play a similar economic role in Turkey which is in great economic difficulty and faces a Soviet-supported terrorist assault (see June, 1980 ISI).

In military terms, **Germany provides the core for the NATO defense of Central Europe with its 495,000 man army.** In 1977, the NATO members agreed to an annual real defense budget increase of 3% until 1983 in an effort to close the **large military gap (e.g., 11,000 tanks for NATO compared to 28,000 plus for the Warsaw Pact).** Germany failed to meet that commitment and

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A FORECASTING
TOOL FOR BUSINESS

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currently spends the lowest share of its GNP on defense among major NATO members. However, the 1980 German military budget for procurement of weapons and supporting equipment increased by 7.7% and is part of a major modernization program to cost \$77 billion. This will add 1,800 new tanks to bring the German level to 5,000 (compared to 900 first line tanks the United Kingdom has in Europe) and a major increase in anti-tank missiles to 100,000. German military doctrine has been shaped by the Soviet preponderance in both nuclear and conventional weapons. The modernization program represents a **response to the imbalance of conventional forces**.

The Soviet Union has developed the **SS-20**, a mobile, ballistic missile with a range of 3,000 miles carrying three highly accurate, independently targeted hydrogen bombs. So far about 120 have been deployed in western, central and eastern Russia covering Europe, the Middle East and parts of Asia. It is estimated that a total of 250 to 300 missiles will be deployed at the rate of about 50 per year. According to one author "it dramatically alters the European balance and must be regarded as an instrument for intimidation. Even more important, the SS-20 is accompanied by an array of new, shorter range systems, the SS-21, SS-22, SS-23 deployed in East Germany and Poland". In addition, about **160 supersonic Backfire bombers** have been deployed and its 5,500 mile range permits nuclear attacks on targets throughout Western Europe. None of these Soviet nuclear weapons are limited by either SALT treaty. They pose a new threat to Western Europe and especially Germany as the forward country because, in theory, the firing of mobile missiles from Eastern Europe could *decouple* the territory of both superpowers from a European conflict. **In more practical terms, these new Soviet regional nuclear weapons increase the coercive political impact of its existing lead in conventional arms and the massive Soviet strategic build-up** which has matched and partially surpassed U.S. strategic forces.

In 1977, Germany took the lead in seeking a NATO response to the Soviet regional nuclear missile build-up. By December 1979, when NATO decided that it would add 572 new missiles capable of reaching the Soviet Union, Germany had become so intimidated by Soviet pressures that it agreed to accept some of these new missiles only if other non-nuclear NATO members on the European continent also agreed. Chancellor Schmidt stated bluntly: "We Germans are not prepared to be alone in taking the risks". This condition was met and Germany agreed to accept all 108 Pershing II and about 400 cruise missiles in 1983, the earliest practical deployment date.

After that NATO meeting, the Soviet Union invaded **Afghanistan** with 100,000 soldiers and set off a new round of East-West crises. Chancellor Schmidt did support the U.S. initiated boycott of the Moscow Olympics. However, **in sharp contrast to previous times of Soviet aggression**, the first six months after the invasion have not brought about a more unified Western position. In April 1980, Chancellor Schmidt suggested a postponement of a firm decision on the deployment of the new NATO missiles until further negotiations with Moscow revealed whether it might agree to stop deployment of its new missiles. This proposal had not been coordinated with the Carter Administration and seemed to undercut the only tangible NATO response to the Soviet regional nuclear build-up. On June 10th, Moscow rejected the Schmidt proposal. Nevertheless on the eve of the June 22 Western summit meeting, President **Carter wrote Schmidt a letter** which urged him not to bring the proposal up in his June 30 meeting with President Brezhnev. The German Chancellor termed the Carter letter "astonishing" but the differences were ostensibly resolved in their personal meeting on June 21. Again, many observers would say, the new missile flap and its resolution demonstrates the solid character of the German-American connection.

It is no secret that the **failure of the Carter Administration** to act on behalf of its strategically important ally, the Shah of Iran in 1978, as well as its slowness in responding to the new Soviet SS 20 missiles, its various unilateral weapons cuts and the abrupt reversal of position on the neutron bomb in 1978 all led to German concerns about U.S. *weakness and vacillation*. That in turn had the effect of **encouraging the Germans and other Europeans to attend to their own relations with Moscow**, e.g., the Brezhnev visit to Bonn in 1978. In January 1980, the tough rhetoric adopted by President Carter and the economic sanctions called for against the USSR following the invasion of Afghanistan produced in Europe, not least in Germany, a concern about U.S. over-reaction and *the rekindling of the "Cold War"*. Paradoxically, that also had the effect of causing Chancellor Schmidt and his government to complain about *frantic* American actions and seek ways of maintaining their **Ostpolitik** and a *dialogue* with Moscow, such as Schmidt's June 30 meeting there.

Here too, there is a comfortable sense of the alliance as usual. Consider the words of Alastair Buchan in 1960: "... if the U.S. reacts forcefully to any threat to the interest of NATO ... or shows she is taking energetic steps to maintain a strategic balance of power, there is an outcrop of protests against American bellicosity. On the other hand, if she advocates the kind of detente which has clearly been uppermost in President Eisenhower's mind ... it is suggested the U.S. is prepared to sacrifice European interests or is approaching a more neutral attitude toward the security of Europe as she herself becomes more vulnerable". This conclusion written two decades ago illustrates why so many experts and policy makers see the current ebb and flow of cooperation and distance in NATO and in particular between Germany and the U.S. as more of the same manageable process. For the moment this may be true, but there is cause for deep concern.

ALTERNATIVE EMPHASIS ANALYSIS: SERIOUS EROSION OF THE U.S.-GERMAN ALLIANCE

The neutralization of West Germany has been a Soviet objective since 1945. If there is further movement in that direction, it will likely occur through a cumulative series of small changes and actions rather than as the result of a sudden change like the Hitler-Stalin pact of 1939 or Rapallo in 1922. The historian, Fritz Stern, recently noted that "to focus on the remote possibility of a radical **renversement** may be to blind people to the incremental changes taking place".

Three internal German political trends are working toward the undeclared and perhaps unintentional **neutralization of Germany**: changes in public attitudes about the U.S. and USSR; a rise in business and conservative nationalist groups who have a stake in good economic relations with the communist bloc and want a more nationalist foreign policy; and a growing number of SPD leaders who want to avoid conflict with the ever more powerful Soviet Union at almost any price. There is in addition **a radical group in the SPD**, estimated at about a third of the activists, which is **very hostile to the U.S.**, and generally supportive of the *Soviet experiment*. Many of these radicals from the 1960's, now in Parliament and party jobs, endorsed the Soviet invasion of Afghanistan. The increasing radicalization of most of the democratic socialist parties in Europe—including the British labor party and those in Holland, Denmark, Sweden, as well as Germany—is likely to have an ever-growing negative impact on the political cohesion of the NATO alliance.

Three main shifts in public attitudes form the background for the right and left wing pressures toward neutralism. The first is the acceptance by Germans that there will be no return of the territories lost in the war: 10% felt this way in 1953 and 80% agreed in 1970. In a sense, the Ostpolitik of the SPD ratified a change which the public had already made. Secondly, there has been a dramatic drop in the proportion of Germans who feel threatened by Moscow: from 65% in 1952 to 28% in 1971. Third, there has been a reversal of judgement about whether the U.S. or the USSR is more powerful: in 1953, 34% chose the U.S. as the most powerful compared to 10% for the USSR; in 1975, the USSR was perceived as more powerful by 37% and the U.S. by 12%. While these perceptions might lead many to argue for a stronger bond to the U.S., they encourage others to use accommodation and economic incentives for dealing with the Soviet Union. There are, in fact, **three arenas where German and U.S. perceptions and actions may grow ever more divergent** if the SPD-led coalition remains in power: relations with the Soviet Union; Israel and the Arab oil producers; and Central America and the Caribbean.

A DEVELOPING DIVERGENCE IN U.S. AND GERMAN POLICIES ON THE SOVIET UNION

For the last two years the Soviet Union has followed a mixed hard and soft line toward the Schmidt government. In 1978, it unleashed a vitriolic propaganda campaign against Schmidt when he decided to accept the **neutron bomb** in order to counter the Warsaw Pact superiority in armor. In the fall of 1979 Moscow coordinated a campaign of threats and promises aimed at preventing Germany from agreeing to provide bases for the **new NATO nuclear missiles**. The promises included a token withdrawal of Soviet troops from East Germany and expanded energy exports. The threats and actions included **an unannounced cut-off of titanium needed for aircraft production**, East German threats to West Berlin (the first in a decade) and the possibility of more rapid Soviet missile deployment. In November, the German foreign minister, a member of the Free Democratic Party (FDP), the coalition partner had to bluntly tell the Soviets that "no threats will prevent us from deciding ... what is necessary to our own security".

Following the **Afghanistan invasion**, the great difference from previous crisis periods was that the **German position became softer** and the connection with Washington looser rather than closer even though the Carter Administration was talking tougher. This derived both from a **lack of confidence in the depth of any Carter commitment and from heightened fear**. The left wing of the SPD, including the older leaders such as Wehner, Bahr and Brandt "veered toward some form of neutralism" according to one analyst. The Schmidt proposal for a delay in the deployment of the NATO missiles was one example as was the absence of any move to increase defense expenditures or preparedness.

In March 1980, the Soviet Union warned that "it would not remain passive" if the U.S. or Europe "took action against our security ... Evidently in the American administration, they do not yet have a clear idea of what the Soviet Union is". At the same time, the **Kremlin threatened to cut off its exports of 25% of Germany's natural gas** if Bonn participated in any economic sanctions. Although trade with the USSR accounted for only \$6 billion of a \$175 billion total in 1979 and trade with the entire communist bloc adds up to only 5% of Germany's exports—no economic sanctions were taken. In this domain the right and left wing meet for different reasons. For some large and powerful German companies such as Hoechst, Mannesman and Thyssen, trade with the communist bloc amounted to 4 billion DM in 1979 and constituted a significant portion of their earnings. A German consortium is negotiating a \$12 billion multi-year natural gas deal and none of these organizations want their trade interrupted for political reasons.

Historically, before the Second World War, **most significant German business and trade ties were with the East**. As German machine tool and other industrial equipment manufacturers have recently found their **Western markets declining** because of lower demand and increased competition from Brazil, Spain, and others, their trade with the Eastern Bloc has increased. In addition, *German dependence upon imported oil and gas* makes it increasingly susceptible to Soviet inducements through energy-related trade. In June, the Germans and Soviets agreed to long-term energy-related trade pact to complement the 25 year agreement signed in 1978. Such historical as well as current economic and political realities may persuade some in Germany that their future best interest lies more to the East. As an example of this process in action, there is evidence of an explicit Soviet drive to play upon the hopes of German industry for business deals and the desires of the leftist SPD members for peace, disarmament, and possible reunification. One example reported in the American press followed the fall of the Shah in 1979—A senior Soviet KGB official met with German business and political leaders and made these points: 1) Taiwan and Iran show the U.S. cannot be trusted; 2) the Arab oil nations will soon be under radical or Marxist control; 3) Moscow will help Germany obtain its needed oil; 4) now is the time to begin steps toward German disarmament and talks on a reunified, neutral Germany; and 5) the USSR wants a major increase in trade.

DIVERGING U.S. AND GERMAN POLICIES ON ISRAEL AND THE ARAB OIL STATES

For seven years the industrial democracies, including the U.S. have failed to take serious steps toward economic counterpressures as a way of containing OPEC price demands. The addition of post-Shah Iran to the side of the Arab radical states has made the problem worse. Led by France, Europe has been drifting toward ever greater **appeasement of the Arab oil producers** by moving away from Israel. For several years the left wings of many European social democratic parties, including the SPD, have been **excusing or ignoring the terrorism of the PLO** and arguing that it should be recognized as the leader of the Palestinian Arabs. In early June, **Al Fatah**, the largest and most powerful group within the PLO concluded a strategy congress with a call for the **military elimination of Israel** and its replacement by a Palestinian state (the continuing radical pressure as forecast in the May, 1980, ISI). Nevertheless, Germany joined the other members of the EEC on June 15 in calling for the PLO to be associated with the Palestinian autonomy negotiations.

As suggested in the May 1980 ISI, **the combination of selective perception in Europe and the effective use of Arab oil as an incentive has led to a partial break between Washington and its allies** just at the time when unity is most important to counter the growing dangers of radical destabilization in the Persian Gulf. Germany could have been a force for an offensive strategy designed to forge a link with pro-Western Arabian oil producers and divide them from the radical Islamic regimes. It imports less than half of its consumption from the Arab nations and is highly valued as a source of technology and expertise. Instead, the Schmidt government has tilted toward the PLO and against Israel as well as against the principal security both front-line nations have—the U.S.

GERMAN POLICIES ON CENTRAL AMERICA AND THE CARIBBEAN—SERIOUS PROBLEMS FOR THE U.S.

The Social Democrats of Germany exercise important influence over the social democratic parties of Costa Rica, Venezuela and the entire democratic Socialist International consisting of 40 parties from Europe and the third world. **Starting in January 1980, the German and Latin American social democrats began to tilt strongly toward the extreme left in Central America.** Despite the truly significant social reforms begun in El Salvador last March, the March meeting of the Socialist International led by Germany's Willy Brandt condemned the moderate government in El Salvador but made no criticism of the terrorist left. U.S. policy in El Salvador was condemned, but Fidel Castro was invited to speak. This is especially ironic coming from the German Social Democrats because they once were in exactly the same position as the current government in El Salvador: reformists violently attacked by the extreme right and the communist left.

The current failure of the German Social Democrats and their very effective **political training organization, the Friedrich Ebert Foundation**, to support the forces of democratic reform in Central America seems to **reflect the increased power of the more dogmatically Marxist young socialists of the 1960's** who (as mentioned above), are now rising in the Parliament and the German party. It also reflects a perplexing tendency by former Chancellor Willy Brandt and parliamentary leader Herbert Wehner to be self-deceptive about the communist left. This is in sharp contrast to the enormous contribution the German democratic parties made in helping Portugal escape the communists in 1975. Chancellor Schmidt does not seem to be informed about the destructive actions of his party in Central America. It may require President Carter's personal efforts to bring the German Social Democrats back to support for democratic social reform in El Salvador.

This **March's Socialist International** meeting, the first in Latin America, also voted unanimously for **Puerto Rican independence**—rather than self determination. A number of leading German Social Democrats also concluded that *the only solution in El Salvador* is for the moderate left to join the extreme left as in Nicaragua. In early April, following this advice, the small Social Democratic party of El Salvador and other groups formed the "*Democratic Front*" to cooperate with the extreme left as "*one more soldier in the revolutionary process*".

The example of **Nicaragua** has been used to justify this strategy in spite of the clear evidence that the genuinely democratic elements are nearly powerless. The communist core groups control the new secret police, the army, the *Sandinista Defense Committee* informant networks, most labor unions, and all government jobs. (See ISI, Vol. 1, No. 1.)

In May, the SPD-sponsored **Friedrich Ebert Foundation** held a conference in Costa Rica to establish a **Committee Against Repression in Guatemala** which would unite the communist and the moderate left in opposition to the current government.

In **Jamaica**, where the radical elements in the governing socialist party are becoming more powerful and receiving significant, covert Cuban help, the German government has provided special financial aid to bolster **Michael Manly** (but refused to provide aid already budgeted for the moderate government in **El Salvador**). Further, the opposition leader, **Edward Seaga** has publicly claimed that the **Friedrich Ebert Foundation is providing funds for a known communist to work in Jamaica to radicalize the mass media.**

The effect of the German/SPD/Ebert endorsement of the communist left in Nicaragua, El Salvador and Guatemala is to confuse and deceive public opinion and the media about the true totalitarian character of the revolutionary groups and worse, to divide the Social Democrats from the Christian Democrats and other centrists at precisely the time when their unity might promote peaceful reforms.

In strategic terms, if the extreme leftist revolutionaries are successful in Central America and if that in turn helps ignite a destabilization process in Mexico by 1982 (as suggested ISI, April 1980), **German Social Democrats will have played a major role in causing an enormous loss to the U.S.** At present, this is receiving no media attention—but should the revolutionaries succeed, there will be strong recriminations when the German role becomes more widely known. That, in combination with the divergence of policies on the Middle East and the Soviet Union, could generate powerful recriminations and hostility within the next two to three years.

FACING UP TO THE POSSIBILITIES

The U.S. and Germany have too much to gain by their alliance to make undeclared German neutralism seem possible. Yet, the actions in Central America go beyond neutralism to German and Socialist International help for the enemies of the U.S. In the Middle East, the European socialists, including Germany, are on the verge of helping the enemies of a significant American ally. These and NATO issues have to be explored and discussed frankly—and soon. Yet there is a curious reluctance to give systematic attention to the German-American relationship; when all is well there seems no need and when problems appear there is a feeling that inquiry will bring more suspicions rather than communication and rapprochement. Germans are perceived—correctly—as fed up with the need to prove their *loyalty*. Despite these sensitivities and equivalent ones on the American side when questions are raised about how *credible* the nuclear guarantees might actually be in time of crisis—it would be a serious mistake to permit the current drift to continue without honest discussion.

BUSINESS IMPLICATIONS

West German policies would appear to be clearly harmful to U.S. interests in Central America and the Persian Gulf and support the seriously dangerous trends outlined in ISI April, 1980, and ISI, May, 1980. They could lead to the serious reversals for American business and the economy suggested in those issues. Beyond that, however, the de-facto neutralization of Germany would greatly increase the military and political threat of the Soviet Union to Central Europe, and could eventually lead to a major collapse of trade and business relations with those countries. The consequences to both U.S. business and the EEC would, obviously, be enormous.

NEXT ISSUE OF ISI—CONTINUING ATTRITION IN THE CARIBBEAN.

APRIL 1980 Volume I, Number 1.

CENTRAL AMERICA AND MEXICO: A FORECAST OF STRATEGIC TRENDS—1980 - 1983

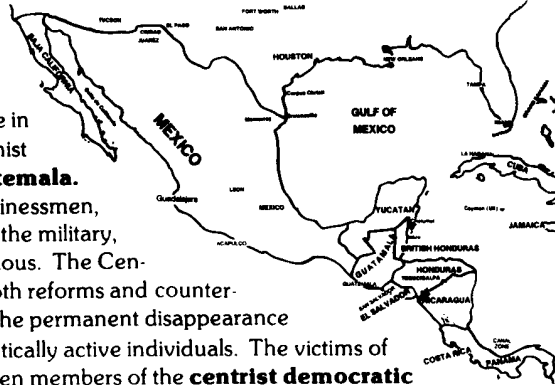
While the Administration and the media remain focused on Iran, Afganistan, and the economy, a longer-range problem is emerging in Central America, with the potential for making Mexico the *Iran next door*.

I. BACKGROUND—CENTRAL AMERICA/MEXICO AS IT APPEARS TO BE

90 million people live in Central America and Mexico. **Mexico**, with 70 million people, has had 20 years of steady economic growth, rising living standards for the majority of its people and an orderly government under a mild authoritarian one-party system. Simultaneously, there has been a doubling of population, increased urban concentration with unemployment at nearly 40%, near doubling of the numbers of landless poor peasants, a decline in food production and a large increase in the concentration of wealth among the top 20% (who receive 63%) while the bottom 40% obtain only 7%.

Costa Rica is a democracy with the highest and most evenly distributed income, despite the least extensive resource base in the region.

The **other five countries**, during the last twenty years, have been marked by economic growth, rising living standards for much but not all of the population, little change in the concentration of income, and authoritarian government—usually military. Since the **middle of the 1970s**, there has been a renewed upsurge in organized terrorism by radical left and communist groups in **Nicaragua, El Salvador and Guatemala**. They have murdered government officials, businessmen, and diplomats to provoke brutal reaction from the military, polarize the society and hope to emerge victorious. The Central American regimes have responded with both reforms and counter-terrorism including intimidations, murder and the permanent disappearance of labor leaders, students, clergy and other politically active individuals. The victims of **both** the radical and rightist terrorism were often members of the **centrist democratic groups** interested in reform and a peaceful evolution to representative government.



What will the future hold for this strategically important region? There are strong forces in each country that **suggest progress and stability**. In **Nicaragua**, the Sandanista leaders affirm that they are not communists and that their revolution will be no threat to any other country. A large, politically aware middle-income group includes a significant proportion of genuinely reformist and democratically inclined individuals with important technical skills. Similar groups and political parties are potentially important in **Guatemala, Honduras, Panama and El Salvador** where they could work with the military governments to bring about social reform and a return to constitutional government. The **Catholic Church** is generally aligned with the Christian Democratic parties and labor groups in a loose coalition for peaceful change. **Honduras** enacted significant agrarian and labor reforms in 1975 and plans free elections for a constitutional assembly in April 1980. **El Salvador** has instituted agrarian and social reforms and scheduled free elections for Congress. President Lucas of **Guatemala**, elected in 1978, has pledged free elections in 1982 as well as major investments in social services, especially health care. In **Panama**, the resolution of the canal issue and the economy also suggest a positive future. **Mexico** can count on its fifty years of peaceful transfers of power within the single-party framework and its massive oil and gas resources to provide the opportunity for coping with its social and economic problems.

By world standards, all the economies have performed well. The **Central American Common Market** (Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica) has grown from annual trade of \$33 million in 1963 to \$703 million in 1977, with the United States as the major trading and investment partner. These and other factors would justify a **hopeful forecast for the next few years**.

II. THE REVOLUTIONARY PERSPECTIVE— AN ALTERNATIVE SCENARIO FOR THE FUTURE

Missing in this positive forecast, a viewpoint shared by most American observers, is an understanding of the commitment and competence shown by communist revolutionary groups and a sense for the motivating impact of changes (Nicaragua, Iran, Afganistan, etc.) in the perceived historical context.

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Commitment is exemplified by **Tomas Borge**, the new Minister of Interior in Nicaragua who fought for communism (a fact he now conceals) for 17 years and never gave up even when Castro cut support. **Competence** is evident in the political understanding of the communist core group running Nicaragua that they must conceal their political purposes from the **United States** to prevent intervention and from their colleagues in the anti-Samoza movement until they have established an unshakable hold on the nation, e.g., the Sandanista leadership destroyed all communist symbols in August 1978 to aid in such deception.

From a Marxist perspective, the 1980s promise to be a time of troubles for the leading capitalist nations. Continuing threats of instability in Iran and other Persian Gulf oil states, increased use of Soviet military power, and adaptation to OPEC price increases will all preoccupy the United States. These factors will also divide the United States internally and from its allies and make it possible for discreet revolutionaries to use some of the democratic nations as a source of economic aid—Castro instructed his Nicaraguan comrades in 1979 to obtain economic aid from Western countries since the Soviet Union cannot afford another Cuba (\$3 billion per year). Seen from this perspective, a future scenario looks more ominous.

A. Nicaragua: Consolidation and Quiet Help for Terrorists

The Sandanistas have executed relatively few people, but they have kept seven to ten thousand guardsmen and *Somocistas* in prison, awaiting *war criminal* trials. The nine-man, fully-Marxist **Sandanista Directorate**, appointed by Castro in 1979, is moving carefully to consolidate power: a **secret police** is being built; the large groups of newcomers to the guerrilla forces in 1978 and 1979 are being screened, and a new **reliable army** is being formed while the others are disarmed; and a system of *Sandanista defense committees* has been formed to provide a **neighborhood informant and control system** similar to the Cuban *bloc committees* which have worked well. Meanwhile, the democratic anti-Samoza leaders are being kept busy in the **powerless revolutionary junta** (and the former *Cabinet*) where they can help obtain foreign loans, plan reconstruction and perform useful projects for the country, provided there is no effort to establish any independent power base. Elections are postponed for *about four years* due to the *needs of reconstruction*. There is one independent newspaper, which is running into serious trouble from the regime.

Nicaragua's intent may be to become a base for helping the terrorist wars against **El Salvador, Guatemala and Honduras**. A CIA report of May 1979 (cited in the **New York Times**, July 22, 1979) informed President Carter that Castro had concluded by the fall of 1978 that "*prospects for a revolutionary upheaval in Central America . . . had markedly improved. . . As a result, Cuba has intensified its efforts to unify insurgent groups, not only in Nicaragua where Cuba has concentrated its efforts, but in Guatemala and El Salvador as well.*" Most likely, the real leaders in Nicaragua will conceal their communist political affiliations and objectives until the beginning of revolutionary destabilization in **Mexico**.

B. El Salvador: The Fire in 1980

The **three radical terrorist groups** mainly limited their actions to the murder and kidnapping of businessmen and government officials until the fall of Samoza. Since then, there has been a steady escalation of violent attacks on the Presidential palace, police and army barracks, and the like. The military coup of October 1979 which brought more reform-oriented officers into a coalition government with Christian Democrats and other reformist civilian politicians, produced only a slight and temporary respite in the growing insurgency.

In January 1980, the **Bloque Popular Revolucionario (BPR)**, the political arm of several terrorist groups, mobilized 80,000 people for a demonstration in the capital. Then, in a classic destabilization action, unidentified persons opened fire on the crowds leading to panic and a gun battle between demonstrators and the military resulting in 22 dead and hundreds wounded. Evidence that the **final push against the government** is going to take place this year, probably through the spring and summer, is the joining of the terrorist organizations and their political action wings **and** the Communist Party into a **united front**.

The pattern will probably repeat that used in **Nicaragua**. There will be more dramatic attacks on the government—perhaps the seizure of additional embassies (such as the recent **seizure of the Spanish embassies** in both **Guatemala** and **El Salvador**) to get more press attention (an assault by 300 terrorists on the **U.S. Embassy** failed in October 1979). The purpose will be to provoke the military to resume counter-terrorism in order to make the democratic political groups either withdraw from cooperation with the government or become hopelessly divided as they debate what to do while they are caught between the violent leftist and ultra-rightist groups.

As the insurrection approaches, the leftist terrorists may begin to murder prominent members of the democratic opposition and try to blame this on the counter-terror actions of the right-wing. This would serve three purposes: (1) divide both the government and the democratic groups; (2) further alienate the politically active, but not radical, groups from the government; and (3) convince the foreign press that the government is hopelessly brutal.

In the meantime, **Cuba and Nicaragua** would continue to smuggle in the weapons and provide the training needed for a large scale uprising to launch the final battles. To **prevent American intervention**, this might coincide with a distracting crisis elsewhere—Soviet moves against Yugoslavia, the destabilization of Sadat, or terrorist acts such as the hostage taking in Columbia. An act which could serve as a symbolic trigger for the uprising could be either another *peaceful demonstration* made violent or the murder of a prominent individual such as a spokesman for the center, e.g. **Archbishop Romero or the American Ambassador**. If that could be made to look like the work of the government, it could be the spark that destroys any unity among the opponents of the leftist radicals. Given current trends, there could be **national revolutionary government in El Salvador well before the end of 1980**.

C. Guatemala: The Bridge to Mexico

The failure of the moderate military-civilian transition to elections and instability in **El Salvador** would reinforce the hard-line predilections of the military in Guatemala despite the reformist promises. Many leaders among the military believe that the failure of the **United**

States to support the Shah of Iran and Somoza demonstrates that in an **unconventional, political war** with leftist radicals, they must act on their own.

The struggle now going on in Guatemala began 36 years ago when the *October Revolutionaries* overthrew a military dictatorship. The resulting governments came under increasing communist control until overthrown by a CIA-aided coup in 1954. In 1960, with encouragement from Castro, a group of junior officers revolted and then went underground. By 1962, a full-fledged *liberation movement* with close ties to **Cuba** and the communist party began the radical violence which surged until the late 1960s and accelerated again during the last five years. At present, there are **three separate radical terrorist organizations**: EGP, FAR, and PGT,—a dissident wing of the main communist party. In addition to increasing terrorism directed at the government, business, foreign investors and diplomats, the last two years have been spent in efforts to penetrate labor unions and other institutions. The radical-leftist groups are drawn mainly from the **modernized sectors of the society**, the cities and larger towns, but have made some progress in building a base among the more populous rural populations, which are non-Spanish speaking Indians and neutral in the current conflict.

The military has permitted counter-terror squads since at least 1966. **Amnesty International** has alleged that these groups have killed more than 20,000 persons (over 2000 since 1978), a good portion from the **democratic middle**. It is equally possible, however, that radical leftist terrorists murdered some of these victims to accelerate the polarization of the society. Although there are a number of reformist, democratic groups—including the Christian Democrats, trade unions and civic associations—they are virtually helpless to counter the growing violence from both extremes as long as there is no help from outside.

There will probably be a **linkage between the civil war in El Salvador and the events in Guatemala**. The military in Guatemala feel that if they can't prevent the communist and radical groups in **El Salvador** from winning, the combined forces of revolutionary **Nicaragua, El Salvador and Cuba** will bring them down. Therefore, the Guatemalan military will be prepared to use their troops directly in El Salvador. The Communist leaders in the region have the **same perception**. To keep the Guatemalan security forces too busy to help prevent El Salvador from falling, Cuba and Nicaragua may promote a sharp increase in terrorism. This might include attacks on targets such as hydroelectric plants or the 120 mile long oil pipeline.

If radical leftists defeat the government in **El Salvador** by the **summer of 1980**, the psychological impact on the government of Guatemala will be devastating. Already there has been a large-scale movement of families, money and business interests out of these countries. Recently, the **Spanish and the Germans closed their embassies**, removing two potentially moderating forces. These trends could accelerate and edge the military toward panic. The *revolutionary* government of El Salvador would play the **Nicaragua scenario** of apparent moderation, reform and gradualism while consolidating its hold on power. Some months of apparent relaxation would, in fact, only mark the time when people and weapons were being shifted farther north for assaults on Guatemalan military targets.

The **United States** might be absorbed by the **Presidential campaign** and by ever more severe crises in the Middle East and elsewhere while this is going on. The Guatemalan revolutionary groups would demand increased help from their allies after the fall of El Salvador to repeat the pattern of escalation before the November 1980 elections are over. Their reasoning: Carter would be far less likely to intervene with military force in the apparently ambiguous situation of *internal upheaval* in Guatemala while worried about his reelection. Afterwards, whether he won or lost, the chances of decisive action might increase.

The communists would probably conduct a propaganda campaign as the fighting accelerates with three goals: (1) to prove that they are not communists; (2) to document the barbarity of the military in Guatemala and politically isolate them, and (3) to appear reasonable by inviting **Mexico, Nicaragua, Venezuela** and other *neutral* countries to mediate the dispute.

If possible, depending on how quickly the military seems to be collapsing, there may be subtle efforts to **maneuver President Portillo of Mexico** into playing an appeasing role similar to his termination of diplomatic relations with Somoza in May 1979. A large number of leftist radicals in Mexico might want to help in the fight against the Guatemalan military by providing safehouses, training facilities and arms through the 1,100 mile Mexican border with Guatemala. The **Mexican Government** might permit this with the implied promise of *good relations* with the *revolutionary* government that came to power.

Assuming that **El Salvador and Guatemala join Cuba and Nicaragua by early 1981**, the entire *Mexican support network* could, of course, become an infrastructure for action against the current Mexican governing system.

D. Mexico: The Iran next Door

For fifty years, the **Partido Institucional Revolucionario (PRI)** has functioned as the machinery of political succession and government. It is organized by sectors corresponding to the major social groups: **agriculture; labor** (with pro and anti BUO—Bloque de Unidad Obrera)—components; and the **popular sector** (CNOP—including civil servants, teachers, cooperatives). Adding membership in all the sectors together gives the impressive totals in the range of 6-8 million among the active labor force of 20-30 million. Despite the appearance of unity from the outside, there has in reality been a persistent internal split between very leftist and more moderate currents within the PRI especially in the organized labor groups.

A serious challenge to the PRI would have to be carefully prepared and most important would probably need to begin under the banner of *re-forming or authenticating* the revolution of 1910. There is every reason to imagine that the new revolutionary leaders of Central America would have the wisdom and the sensitivity to help the already powerful radical forces in Mexico in a way that would seek to divide the PRI internally and would prevent a new revolution from being perceived as communist or even Marxist. **1981** would be the right time to prepare the *second revolution* and it could begin very slowly in **1982** within the context of the usual politicking within the PRI as a **new president is being negotiated** among the factions. Since Portillo would be in his last year and was the *moderate* President, it is time for another *leftist* to be tapped for the office. The question would become **how far left** permits broad-based backing. This delicate process may coincide with the retirement of 79 year old Fidel Velazquez, the *George Meany* of Mexican labor for 40 years. For decades, there have been strong com-

munist groups in some of the **key labor sectors**: oil, communications, transportation, some northwest peasant groups, and others. The combination of changes within the PRI, the success of the revolutions to the south, and the objective problems of the nation could unleash a new labor radicalism, severely weakening the PRI from within.

At the same time, other more radical and violent leftist groups might begin to create a climate of fear and insecurity in 1982. It is all but forgotten among Americans that communists fomented massive **labor unrest in 1959** following Castro's victory in Cuba. In 1961, a coalition of communist and radical groups was formed with help from Castro. It helped produce large **student uprisings in 1966 and 1968** in which hundreds died. In the mid-1960s, as in much of Latin America, two or three Cuban-backed terrorist groups began a **campaign of kidnapping and murder** which could flare into a far more active phase in 1982.

The huge **Reforma oil fields** in Southeastern Mexico are causing enormous disruption in the formerly rural way of life. **Peasants** are being forced off their lands by the thousands, and the corrupt and incompetent administrative process results in too few cases of fair compensation. In 1979, peasants were very successful (trial run?) in blocking oil production facilities and roads to protest their loss of land and means of earning a living. These displaced peasants are among the **21 million Indians** of Mexico who have always been unfairly treated—especially in the countryside. They are of Mayan origin, and the same ethnic and linguistic groups as those just over the mountains in Guatemala. It would be logical for the new *revolutionary government* of **Guatemala** to establish relationships of *solidarity* with some of these Mexican Indians, as well as those around the new Campeche oil fields in the Yucatan.

Well paid, highly skilled workers in an isolated setting have often been among the most radical in many different social contexts. This might prove true among the 20,000 **oil field workers** in the southeast who are not permanent employees of PEMEX but rather hired by **contratistas** and resent the bribes (20% of their pay) they have to give for the jobs. They, as well as the **unionized PEMEX workers**, might begin to wonder where the oil billions are going, and might become a natural target for radical leftist recruitment, possibly providing the leverage to shut down oil production at times of crisis.

Other political problems in Mexico include (1) the split between Portillo's economic cabinet (which wants to hold down oil production to 2.5mmbbl/day to prevent a sudden jump in inflation and other destabilizing effects) and PEMEX (which reportedly wants to raise production to 4mmbbl/day to generate the revenue to cover Mexico's debt service and support development); (2) the deterioration of the agricultural economy; (3) the unprecedented number of candidates for President reflecting a decline in discipline within the PRI; (4) the increasing pervasive use of anti-American rhetoric by most Mexican political groups; and (5) the poor US-Mexican diplomatic relations.

A **tactical scenario for destabilization** might include the following elements. Internal dissension and debate weaken the PRI. Radical terrorism accelerates and raises anxieties leading to less investment, loss of foreign capital and credit, and losses in jobs. In imitation of the terrorists in Jamaica and Spain, tourists become a target and Mexico loses needed revenues and jobs. At the same time, labor unrest spreads, civil servants and teachers protest against the government's anti-terrorism and strike breaking. Oil workers join the protests and cripple production, costing Mexico desperately needed foreign exchange earnings used to pay for food imports and to repay the huge bank loans (to a large degree, from U.S. banks). Mexican Indian guerrillas begin systematic sabotage of the oil pipelines and the petro-chemical facilities—all of which bring about severe economic troubles, street riots and a downward spiral of protest and anarchy.

As the *Iran next door* unfolds in 1982, the American President meets with his Cabinet to determine how to *save* Mexico. The media emphasizes the *internal* nature of the problem. Recent U.S.—Mexican relations, characterized by insensitivity and rancor (the Mexican gas pricing dispute, the bitter exchange between the White House and Portillo over the Shah, Carter's disastrous trip to Mexico) leave very limited U.S. political alternatives. The Pentagon informs the President that a military coup to restore order is impossible because the security forces of Mexico are too spread out and too divided (as intended by the PRI leadership). In addition, this slow-motion *second revolution* might well coincide with even more severe crisis in the Persian Gulf and in Central Europe or Africa. Potentially, by 1983, a **new revolutionary government in Mexico** could offer non-intervention in American affairs (referring to the 8 million illegal Mexicans living there) if the same is strictly observed by the United States.

III. THE AMERICAN BUSINESS PERSPECTIVE—LIMITED OPTIONS

American business has made massive investments in the region, and especially Mexico: bank loans, corporate extensions of credit, product manufacturing plants, market development, employees, as well as contracts for energy and other raw materials. After assessing the foregoing political scenario, many companies may find themselves facing a complex puzzle. If they believe their investments are in danger, strategic planners may decide on withdrawal (e.g. *Mexicanization* of assets, accompanied by setting up management contracts under control of the U.S. parent company). Such action, however, could not be done sufficiently quickly to avoid loss, and more to the point, investment withdrawals would exacerbate an already sensitive political situation. Further, a victory of radical leftists in Mexico would be very bad for the United States and American business, whether or not assets were withdrawn.

The most workable course for American business is the most difficult: to encourage and work with both the U.S. and Mexican governments and business associations to improve diplomatic relations and to begin to support democratic groups in Central America in struggling against radical destabilization from the left and in discouraging repressive, over-reaction from the right. To counter what is essentially a struggle of political ideas, business will need to find effective ways to communicate to Central American audiences the case for democratic social reform and the mutual benefits of free trade relations. At the same time, businesses should also develop contingency loss-control programs, if these moderating efforts fail.

Future issues of ISI will contain updates on these trends.

Next issue of ISI—the future of the Persian Gulf.

June 1980, Volume 1, Number 3.

AN ALTERNATIVE STRATEGIC FORECAST FOR TURKEY, GREECE, AND YUGOSLAVIA: 1980-1982

The Aegean Triangle of Turkey, Greece, Yugoslavia, and Cyprus represents a critical strategic area for Europe and the United States. The death of Tito, combined with the eroding political and economic conditions in Turkey and the strength of the socialists in Greece, brings enormous pressure upon this area which could lead to serious problems for Western Europe and the U.S. during the next two years.

A **hopeful view** for this region is that the shared leadership system developed by Tito for **Yugoslavia** will prevent ethnic and political factionalism from being used by the Soviets to split the country and that the strong Yugoslav army will provide a sufficient deterrent against direct Soviet or Warsaw Pact military intervention; that **Turkey**, with major outside economic help, will be able to generate a slow economic recovery, and that centrist democratic groups will be able to resist the increasing leftist terrorism, as well as the threat of a military coup; that settlement of the **Cyprus** issue will diminish the chances of a socialist victory in next year's elections in **Greece**, and allow a return to full Greek military participation in NATO.

An **alternative, highly plausible, scenario** is that internal ethnic divisions in Yugoslavia, actively exploited by clandestine Soviet action, will lead to a weakening of the nationalist communist government and its replacement by a pro-Soviet regime leading to political alignment with the Soviet bloc; that in **Turkey** the military will seize power, or near anarchy will occur (as in Iran), as a result of the country's rising terrorism and economic collapse; that lack of resolution of the **Cyprus** crisis will provide the socialists with a strong issue to increase their chances of gaining power in the **Greek** elections scheduled for late 1981 and lead to the de facto neutralization of Greece vis-a-vis NATO, and that the communists will in



turn attempt to succeed to power with guerrilla aid and arms through Yugoslavia (as in the 1944-1950 civil war). The results for the West of this scenario would be very serious—a major weakening of NATO and strengthening of the Warsaw Pact: a significant increase in military flexibility for the Soviet Union which would no longer need to worry about the Turkish armed forces or the strategic positioning of Turkey as a NATO ally; large defaults on Western loans and extensions of credit to Turkey; the loss of active Greek participation in NATO and its increased neutralization; and the integration of Yugoslavia into the Warsaw Pact, with possible Soviet bases on the Adriatic potentially threatening Italy and the remainder of Western Europe.

CYPRUS—THE KEY TO THE ANTAGONISM SPLITTING THE AEGEAN TRIANGLE

Cyprus is at the heart of the conflict between Greece and Turkey. It became independent from Britain in 1960, following a guerrilla war led mainly by the Greek Cypriots who account for 80% of the island's 800,000 people. Within a few years, communal war broke out between the Greek majority and the Turkish minority with each of their homelands providing military help. In 1964, Turkey bombed several Greek Cypriot villages, but its invasion threats were deterred by Soviet and American pressures. Turkey felt that as a guarantor of the 1960 treaty establishing Cyprus, it had the right to intervene if the provisions for the protection of the Turkish minority were being violated. A decade later, the Greek military junta conspired to stage a coup on Cyprus and overthrew Archbishop Makarios as a step to *enosis* or union—a long sought objective of some Greek nationalists.

That set off a chain reaction which included: the invasion of Cyprus by Turkey; the partition of the island with 27,000 Turkish troops occupying 40% of the land and expelling Greek Cypriots; the fall of the military government in Greece, with the restoration of democracy and the withdrawal of Greece from military participation in NATO. For many in Greece and Turkey, **the Cyprus question has been the focus of hostility toward the U.S. for 16 years.** Each nation views the U.S. as doing too little for its cause and too much for the other. In Greece, the argument is that all the U.S. cares about is using Turkey

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as a buffer against Moscow and therefore will not act to force its withdrawal from Cyprus. For Turkey, the embargo of U.S. arms sales following the Cyprus invasion, which lasted until 1978, is seen as a victory of narrow ethnic group politics over the larger obligations of the NATO alliance.

TURKEY—ECONOMIC AND POLITICAL UNRAVELLING AT THE INTERSECTION OF NATO, THE SOVIET UNION, AND THE MIDDLE EAST

From a **strategic point of view**, few nations are more important to Western alliances than Turkey. Its half million troops and 3,500 tanks guard the southern flank of NATO. Without that military power, the Soviet Union would be able to deploy additional troops against the borders of Central Europe, Iran, and China. The Turkish army, along with the Israeli, represents the only major Western military force capable of a rapid response in the Middle East, and thus could help protect vital Persian Gulf oil supplies in the face of increasing Soviet and radical left aggression. In addition, Turkey has served as a Western intelligence gathering base, made all the more critical with the loss of facilities in Iran.

Among middle income nations, the World Bank ranks Turkey as one of the most successful. During the last two decades its economy grew at an average rate of 4.4% per capita with industrial production advancing at 9% annually and agriculture also showing steady gains. The population has increased from 19 million in 1950 to 45 million today and living conditions have improved for the majority.

The need to meet the OPEC oil price increases since 1974, along with the economic slowdown in Europe have combined to make the Turkey of 1980 a stark warning of the troubles which will face many other countries in the next few years. Turkey had borrowed heavily to pay the higher oil prices until the huge increase in 1979 made that course impossible. Turkish international borrowing grew from \$4 billion in 1973 to an officially acknowledged \$14 billion today with an additional hidden debt of several billion dollars borrowed on short term from one group of foreign banks to pay loans due others. By the autumn of 1979 Turkey could not **pay back any foreign loans and even lacked enough foreign exchange to pay for essential oil imports**. Prime Minister Demirel said: *"If you have high inflation (80% last year), if your factories stop, if one million trucks are not working, if your foreign currency income is down to zero. . . what do you do?"*

The test of trouble might have included the **growing unemployment** now at 25% of the labor force, the acute **shortages of heating fuel** in a bitter cold winter along with the complete cut-off of electricity for some hours each day in most cities. Cumulatively, **inflation** has added up to 300% in the last few years. Besides OPEC there were several other causes of these problems, including the **low productivity of the large government industry** sector. Another source of problems has been the limitations on foreign investment and a large network of government protection for nationalist reasons.

The International Monetary Fund has managed to reschedule and **stretch out repayment** of some of Turkey's 12 billion dollar foreign debt in return for the **usual austerity measures**, which include: living standards cut temporarily in order to use government funds for productive investments which create viable jobs; and increased use of market forces and competition to bring about quicker improvements than continuing with the current patterns of government subsidies. To make this work, Turkish officials have negotiated a **multi-billion dollar aid package** with the U.S. and West Germany. This money should permit oil to be imported to get industries moving, provide a way to restore foreign credits by paying back and rescheduling loans, and reduce the economic hardship which the lowest income groups will feel in the next months.

With such foreign assistance, there should be **grounds for hope under normal conditions**. The military which has twice before taken power (1960, 1971) told the two main political parties to put aside their *sterile arguments* and work together. If Bulent Ecevit and his opposition party confine their attacks on the tough economic program to rhetoric while working quietly to encourage the labor unions to cooperate, the chances for success will increase.

But **Turkey does not face normal conditions**. A campaign of internal war by organized terrorists has accelerated in the last two years. In the last two years more than 2,500 persons have been killed by terrorists and 10,000 have been injured. The extreme left and communist groups appear to be responsible for most of the killing, though recently they have been joined by extreme right wing nationalists, Shiite Islamic radicals (inspired by Iran), and ethnic separatists.

The Hitler-Stalin agreements of 1940 listed **what Moscow wanted from Turkey (and continues to aim for)**: permission to establish military bases on its territory; control of naval passage into the Black Sea through the Dardenelles Straits; the annexation of the border provinces of Kars and Ardahan with large Armenian and Kurdish populations. In 1945 at the end of the war Moscow applied intense pressure seeking these objectives and failed. In the 1950's, Turkey was a loyal member of NATO, fought in Korea, worked with the then pro-Western governments of Iraq, Iran and Pakistan to establish the Baghdad Pact and signed a mutual defense agreement with the United States.

Beginning in the early 1960's, the Soviet Union decided to pursue an entirely different approach to its relations with both Turkey and Iran. **At the level of government to government relations**, Moscow encouraged normalization through the exchange of high level visitors, cultural diplomacy and greatly expanded economic relations. This process began in 1963 a few weeks after the American withdrawal of the Jupiter intermediate range missiles (part of the Cuban missile crisis settlements) and reflected Turkish irritation with Washington's stand on the Cyprus question in 1964 as well as a desire for greater independence. Upon his return from a Soviet visit in 1967, Premier Demirel (who now is serving in that office for the fifth time) said that his visit has ended *"the last traces of hostility"* in Soviet-Turkish relations. Today the Soviet Union is Turkey's sixth biggest customer (ahead of the United States), supplies 10% of Turkey's oil which is paid for with wheat and has extended one billion dollars in credits during the last decade—compared with about \$17 billion from the West since 1974. Although condemning the Soviet invasion of Afghanistan, the Turkish government insists the American bases on its soil are **limited to NATO responsibilities**—meaning not for use in the Middle East. Similarly, Turkish airspace cannot be used by American U-2 aircraft to make up for the loss of strategic weapons monitoring facilities in Iran.

Unfortunately for Turkey, Moscow has shown no inhibitions **at the level of its clandestine actions**. One author described *"A brutal campaign of urban terrorism, kidnapping and assassination. . . directed against Turkey. . . which began in the early 1960's with a few agents recruited by KGB officers working out of the Soviet embassy in Ankara and trained in the Soviet Union. . . this cadre inducted more radicals into the terrorist movement some of whom were slipped into adjoining Syria for training in camps supervised by the Russians"* (J. Barron, **KGB**, 1974). Present estimates are that thousands of radical left terrorists are active in Turkey. Besides the **Turkish People's Liberation Army**, the **Marx-**

ist-Leninst Armed Propaganda Union and others, these include elements of the Armenian and Kurdish communities with long ties to Soviet sponsors.

A new development, that should cause deep concern in Ankara, is the **use of official East German and Czechoslovakian radio transmitters** to broadcast calls by the illegal Turkish Communist Party for strikes, demonstrations and terrorism against the *fascist state*. In 1978 similar broadcasts by the Tudeh (Communist) Party of Iran were permitted by official transmitters in Bulgaria only after the Soviet leadership had concluded that the time had come to put the full weight of its clandestine resources behind the effort to bring the Shah down.

From a Marxist-Leninst perspective **Turkey is ripe for revolution**. Sharp austerity is being imposed on the working people in order to buy oil from rich *feudal* rulers and pay back loans to *imperialist banks and countries*. The terrorist networks are obviously competent and the economic situation provides innumerable occasions to stimulate strikes, demand lower prices or higher wages and use hostages, bombs and murder in the name of *the people*. From the Soviet perspective, any development that weakens Turkey and radicalizes it further is favorable—whether a military coup, a radical Islamic or leftist regime or fragmentation into different ethnic and religious entities. The Soviets feel that any one of these forms of turmoil could remove Turkey as a potential military threat—witness Iran. Collapse in Turkey would have damaging psychological repercussions in both Europe and the Middle East. Further, the half million strong Turkish army with its 3,500 tanks and the intelligence posts along the Soviet borders are all the more important in view of the loss of similar facilities in Iran and the delay in SALT II.

GREECE—MOVEMENT TOWARD NEUTRALITY, HINGING ON CYPRUS

Premier Constantine Karamanlis restored democratic government after the disastrous period of Greek military rule (1967-74). He has just decided to take the more ceremonial office of President and new parliamentary elections are to be held late next year. Recent public opinion polls indicate that, if those elections were held now, the socialists would win control of the government. Under the leadership of Andreas Papandreu, the socialist party has opposed any return to military cooperation in NATO. It has used the mistaken but widespread perception of the CIA as responsible for the harsh military dictatorship (1967-74), and the Turkish 1974 invasion of Cyprus with American weapons as the focal points for an anti-American campaign. This has had much of the emotional intensity of the propaganda coming from Iran about our *responsibility* for the repression of the Shah. Anti-Americanism serves the partisan purpose of discrediting the current government and it is a device to win over the significant block of communist voters who hate the United States because it supplied the help that prevented their victory in the bloody civil war which lasted from 1944 to 1950.

Without a resolution of the Cyprus question, that would virtually assure the movement of Greece into de facto neutrality. This would harm the West in three ways. It would make it more difficult to resist the certain Soviet effort to use the post-Tito succession struggle within the ethnically divided Yugoslavian communist party as the occasion to install a pro-Moscow regime. In combination with recent events in the Middle East, a neutral Greece would probably further undermine the morale of anti-Soviet Yugoslavs to the point of making any struggle with a determined Moscow appear hopeless. Second, Germany as the most threatened NATO country would have to view the collapse of the prospects for real unity among the 15 NATO nations with deep anxiety. Third, Turkey would then have a strong incentive to choose appeasement rather than resistance to Soviet pressures.

YUGOSLAVIA—SOVIET TARGET AND POTENTIAL TRIGGER FOR POLITICAL INSTABILITY

World-wide attention is now focussed on post-Tito Yugoslavia, in order to determine whether its complex government with rotating, shared responsibility will be able to maintain national unity and resist potential aggression from the Soviet Union and its proxies. For three decades, Soviet agents have carefully cultivated leaders of the Yugoslav Communist Party, and the secret police in order to enlist their help in moving Yugoslavia into the Soviet sphere of influence after the death of Tito. Options now open to the Soviet Union include continued cultivation of the leadership, combined with clandestine efforts to use traditional ethnic rivalries (contained by Tito) to split the leadership and the country, along with the implicit threat or outright use of military power.

Within the complex interplay of events in the Aegean Triangle, the political relationship between Yugoslavia and Greece will depend to a great degree on the timing of events. If the socialists should take control of the Greek government in 1981 before Yugoslavia faces major internal crises, then a de facto neutralist Greece will not be available as a necessary point from which NATO could try to prevent internal factionalism or external military pressure from splitting Yugoslavia and moving it under Moscow's control. On the other hand, once Yugoslavia is controlled by the Soviets, it could become a direct conduit for military and guerrilla aid to be used to bring communists to power in Greece (much as was tried between 1944 and 1950). It could also become a base for Soviet activity in the Adriatic, potentially targeted on Italy and Southern Europe.

To counter this ominous outcome, the U.S. and its Western allies should push for a settlement of the Cyprus issue, but also support actively (to the degree possible) any policies of liberalization in Yugoslavia and any movement of Yugoslavia closer to the West as a defense against Soviet subversion or invasion.

A SOLUTION TO THE CYPRUS PROBLEM—AN IMMEDIATE REQUIREMENT TO PREVENT SERIOUS LOSSES IN THE EASTERN MEDITERRANEAN

For two years, Turkey has been blocking the reentry of Greece into the military wing of NATO and it has been asserting claims over some nearby Greek islands where 600,000 Greeks live. The real and present Soviet and radical threats to its continued existence and independence can provide the incentive for Turkey to alter its policies and improve its relations with Greece and the rest of NATO only if this is made an integral part of the larger scale economic aid that has been agreed upon.

It is estimated that Turkey needs help of *Marshall plan proportions* or about \$1.5 billion more each year for several years. The United States and Germany have organized such economic help and it should be placed now in the context of an explicit or private Greek-Turkish agreement in the following areas: the phased withdrawal of Turkish troops from Cyprus and the enlargement of the existing United Nations force to assure the rights of all Cypriots; the payment of reasonable compensation to both Turkish and Greek Cypriots who have lost property as a result of

events since 1974; the immediate ending of Turkish opposition to the military participation of Greece in NATO; the termination of Turkish territorial claims to Greek islands and the establishment of a binding arbitration panel to settle within a fixed time period all other reciprocal claims concerning the sea-bed, airspace, compensation and the like. Equally important, both governments should agree to a program of exchanges among citizens, media representatives, political and cultural leaders with the purpose of improving relationships between their two peoples.

In a direct sense, Germany is on the front line in NATO and therefore realizes that it has the most to gain or lose in the Aegean Triangle. A stronger NATO and an independent Yugoslavia reduce the risks that Moscow will shift back from trade to threats in Central Europe. Germany is also in the strongest financial position to carry most of the burden of financial aid for Turkey and the Schmidt government has already agreed to play the major role. This means that now is the time for Washington and Bonn to agree that they should quietly and discreetly use financial incentives already offered to Turkey as a means for encouraging Turkey and Greece to accept the agreement outlined above. The military in Turkey should be receptive because they must understand that the fate of the Iranian generals awaits them if they fail to focus their attention on the radical terrorist threat. It should appeal to Turkish political leaders because they know their destiny depends heavily on the success of the economic reforms which in turn require large foreign credits.

THE LIKELY POLITICAL FORECAST: MAJOR LOSSES FOR THE WEST

Regretably, the current opportunity to move constructively on the Cyprus issue is not being taken up by the U.S. or West Germany. The timetable is clear—a settlement must be reached on the Cyprus issue well before the Greek elections next year. (This assumes that the recent economic aid package to Turkey will forestall the Turkish military for the time being from seizing power.)

If the next months are not used to reach such agreement, however, the likelihood is increased that the military will take power in Turkey and the socialists will win in Greece. In that event, factional politics within the Turkish military and its heightened dependence on Turkish nationalist groups as a political base after their seizure of power deepens the internal polarization and would probably prevent Turkey from compromising. In Greece the anti-American socialists will hold out for international pressure on Turkey—perhaps including the Soviet Union—rather than compromise as their answer to Cyprus. The Karamenlis centrists would hesitate to make a deal with a military government in Turkey because that would open them to sharp criticism from both nationalists and the left. With neither side likely to be able or willing to make the necessary compromises, the negative Aegean spiral could become another example of tragic history, resulting in the *de facto* neutralization of Greece; the isolation of Turkey and a continuation of its destabilization process; and increased prospects for Soviet dominance of Yugoslavia since Western help for the post-Tito groups would require cooperation not likely to be given by a neutral Greece.

Such an unfortunate chain of events could easily take place before the end of 1981, unless the major democracies act. Unfortunately, there is every indication that sufficient action will not be forthcoming. Two recent events signal the problem. The Carter Administration has told Congress that it looks to the United Nations for a solution to the Cyprus issue. That routine approach will not be enough and reflects a lack of strategic foresight. Secondly, the U.S. and Germany, in developing their very helpful aid package for Turkey, have shown no signs that they are attempting to persuade Turkey, as an implicit condition for such aid, to begin to move toward an agreement on the Cyprus issue, such as that outlined above, even though Congress modified the arms embargo in 1978 to specify as a **condition of renewed aid that there be progress on resolving the Cyprus issue**. In lieu of such strong and serious action, the pessimistic scenario becomes more inevitable.

ISI UPDATE—"ISOLATED EVENTS" IN MAY

Central America and Mexico (See ISI, Vol. 1, No. 1)

The **Friedrick Ebert Foundation**, representing the ruling **West German** Social Democratic Party (SPD), held a conference in Costa Rica at the end of May to create a *committee against repression* in **Guatemala** as part of its mistaken strategy to unite the democratic left and the communist left in a *struggle against the terrorist dictatorship*, following its pattern in Nicaragua (1979) and El Salvador (1980). It unfortunately suggests that continuing division of democratic groups, leading to further political polarization, and an acceleration of the forecast outlined in ISI:1,1.....**Guatemala**—new reports of weapons and logistical support equipment for guerillas being shipped across the border from **Mexico**, as well as from **Nicaragua, Honduras, and Cuba**.....**El Salvador**—a continuing pattern of terrorism from the left and right with the left now carrying out small unit operations with several communist radical calls in May for a *final offensive* against the government.....with **U.S.** prodding, the **El Salvador** government and armed forces have begun moving against right wing extremists, and in response the U.S. Embassy was surrounded by apparent rightists, and Ambassador White required a military guard to escape before the embassy was firebombed and sprayed with machine gun fire.....**Nicaragua**—two moderates were placed on the Junta, but the fully Marxist governing Directorate has not been changed.....the State Department announced that the **Soviet Union** has signed economic agreements with the ruling Nicaraguan Sandanista Marxist Party and **Cuba** is supplying *military advisors*.

Persian Gulf (See ISI, Vol. 1, No. 2)

The **Israeli/Egyptian peace talks** failed to meet the May 26 deadline on reaching agreement on the approach to the Palestinian issue.....the **Begin** government has adopted a more hard-line stance on the major issues of Jerusalem and the West Bank.....**Sadat** reflected his anxiety over his post-May 26 vulnerability by withdrawing from the talks, then returning, reshuffling his government, and asking the 'U.S. to intervene with new proposals.....**Yassir Arafat** and the leaders of the Palestinian terrorist groups met in Syria on May 22 to plan post-May 26 strategy which may be aimed at increasing the pressure to oust Sadat building up toward the mid-summer holy month of **Ramadan** (which occurs at the same time the U.S. is maximally distracted by the Presidential election.)

NEXT ISSUE OF ISI: NEUTRALIST AND LEFTIST PRESSURES ON WEST GERMAN FOREIGN POLICY.

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